

File Number M/039/002

Effective Date Dec 15, 1999

Other Agency File Number n/a

RECEIVED

DEC 10 1999

DIVISION OF OIL, GAS & MINING

STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION of OIL, GAS and MINING  
1594 West North Temple Suite 1210  
Box 145801  
Salt Lake City, Utah 84114-5801  
(801) 538-5291  
Fax: (801) 359-3940

RECLAMATION CONTRACT

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For the purpose of this RECLAMATION CONTRACT the terms below are defined as follows:

"NOTICE OF INTENTION" (NOI): (File No.) M-039-002  
(Mineral Mined) Salt and Bentonite

"MINE LOCATION":  
(Name of Mine) Redmond Minerals  
(Description) Three miles north of Redmond  
Utah in Sevier and Sanpete  
Counties.

"DISTURBED AREA":  
(Disturbed Acres) 90.1  
(Legal Description) (refer to Attachment "A")

"OPERATOR":  
(Company or Name) Redmond Minerals, Inc.  
(Address) 6005 N. 100 W.  
Redmond, Ut. 84652  
(Phone) (435) 529-7402

(COPY) RELEASED  
ORIGINAL RETURNED  
TO OPERATOR  
MARCH 16 2005

**"OPERATOR'S REGISTERED AGENT":**

(Name)

(Address)

Parr Waddoups Brown Gee & Loveless  
P.O. Box 11019  
Salt Lake City, Ut. 84147

(Phone)

(801)532-7840

**"OPERATOR'S OFFICER(S)":**

Rhett Roberts President  
Jason Nielsen Vice President  
Jay Bosshardt Secretary

**"SURETY":**

(Form of Surety - Attachment B)

Bank letter of credit

**"SURETY COMPANY":**

(Name, Policy or Acct. No.)

Zions First National Bank 8957

**"SURETY AMOUNT":**

(Escalated Dollars)

\$235,100.00 *updated + increased 11/1/04 \$258,100*

**"ESCALATION YEAR":**

2004 - 2009

**"STATE":**

State of Utah

**"DIVISION":**

Division of Oil, Gas and Mining

**"BOARD":**

Board of Oil, Gas and Mining

**ATTACHMENTS:**

A "DISTURBED AREA":

B "SURETY":

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between Redmond Minerals, Inc. the "Operator" and the Utah State Division of Oil, Gas and Mining ("Division").

WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. M-039-002 which has been approved by the Utah State Division of Oil, Gas and Mining under the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (1953, as amended) (hereinafter referred to as "Act") and implementing rules; and

WHEREAS, Operator is obligated to reclaim that area described as the Disturbed Area as set forth and in accordance with Operator's approved Reclamation Plan, and Operator is obligated to provide surety in form and amount approved by the Division, to assure reclamation of the Disturbed Area.

**NOW, THEREFORE, the Division and the Operator agree as follows:**

- 1. Operator agrees to conduct reclamation of the Disturbed Area in accordance with the Act and implementing regulations, the original Notice of Intention dated Sept. 14, 1998, and the original Reclamation Plan dated Sept. 14, 1998. The Notice of Intention as amended, and the Reclamation Plan, as amended, are incorporated by this reference and made a part hereof.**
- 2. Concurrent with the execution hereof, Operator has provided surety to assure that reclamation is conducted, in form and amount acceptable to the Division. Such surety as evidenced by the Surety Contract is in the form of the surety attached hereto as Attachment B and made a part hereof. The Surety Contract shall remain in full force and effect according to its terms unless modified by the Division in writing. If the Surety Contract expressly provides for cancellation, then, within 60 days following the Division's receipt of notice that the Surety Company intends to cancel the Surety Contract, the Operator shall provide a replacement Surety Contract in a form and amount reasonably acceptable to the Division. If the Operator fails to provide an acceptable replacement Surety Contract, the Division may order the Operator to cease further mining activities and to begin immediate reclamation of the Disturbed Area.**
- 3. Operator agrees to pay legally determined public liability and property damage claims resulting from mining to the extent provided in Section 40-8-7(1)(e) of the Act.**
- 4. Operator agrees to perform all duties and fulfill all reclamation requirements applicable to the mine as required by the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.**
- 5. The Operator's liability under this Contract shall continue in full force and effect until the Division certifies that the Operator has reclaimed the Disturbed Area in accordance with the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.**
- 6. If reclamation of discrete sections of the Disturbed Area is completed to the satisfaction of the Division, and the Division finds that such sections are severable from the remainder of the Disturbed Area, Operator may request the Division to certify that Operator has reclaimed such discrete sections of the Disturbed Area in accordance with the Act and Implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended. If the Division makes such certification, Operator may make request to the Division that the aggregate face**

amount of the Surety Contract provided pursuant to paragraph 2 be reduced to an amount necessary to provide for completion of the remaining reclamation. The Division shall hear Operator's request for such reduction in accordance with the Board's Procedural Rules concerning requests for Agency Action.

7. Operator agrees to indemnify and hold harmless the State, Board and the Division from any claim, demand, liability, cost, charge, suit, or obligation of whatsoever nature arising from the failure of Operator or Operator's agents and employees, or contractors to comply with this Contract.
8. Operator may, at any time, submit a request to the Division to substitute surety. The Division may approve such substitution if the substitute surety meets the requirements of the Act and the implementing rules.
9. This Contract shall be governed and construed in accordance with the laws of the State of Utah.
10. If Operator shall default in the performance of its obligations hereunder, Operator agrees to pay all costs and expenses, including reasonable attorney's fees and costs incurred by the Division and/or the Board in the enforcement of this Contract.
11. Any breach that the Division finds to be material of the provisions of this Contract by Operator may, at the discretion of the Division, result in an order to cease mining operations. After opportunity for notice and hearing, the Board of Oil, Gas and Mining may enter an order to revoke the Notice of Intention, order reclamation, or order forfeiture of the Surety Contract, or take such other action as is authorized by law.
12. In the event of forfeiture of the Surety Contract, Operator shall be liable for any additional costs in excess of the surety amount which are required to comply with this Contract. Any excess monies resulting from forfeiture of the Surety Contract, upon completion of reclamation and compliance with this Contract, shall be returned to the rightful claimant.
13. This Contract including the Notice of Intention, as amended and the Reclamation Plan, as amended, represents the entire agreement of the parties involved, and any modification must be approved in writing by the parties involved.
14. Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party.

OPERATOR:

Redmond Minerals, Inc.

Operator Name

By Rhett Roberts

Authorized Officer (Typed or Printed)

President

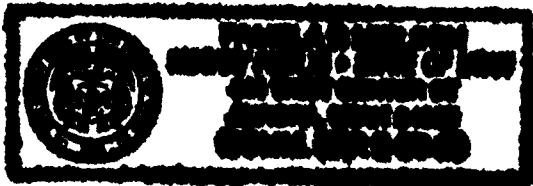
Authorized Officer - Position

Rhett Roberts  
Officer's Signature

Nov. 30, 1999  
Date

STATE OF Utah )  
COUNTY OF Sevier ) ss:

On the 2 day of December, 19 99, personally  
appeared before me Rhett Roberts who being by  
me duly sworn did say that he/she, the said Rhett Roberts  
is the President of Redmond Minerals  
and duly acknowledged that said instrument was signed on behalf of said company  
by authority of its bylaws or a resolution of its board of directors and said  
Rhett Roberts duly acknowledged to me that said  
company executed the same.



Pamela R. Stielow  
Notary Public  
Residing at: Aurora, Utah

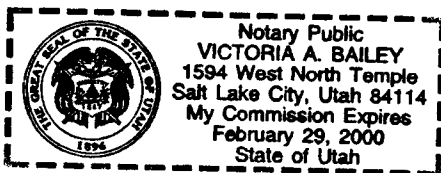
02-09-03  
My Commission Expires:

DIVISION OF OIL, GAS AND MINING:

By Lowell P. Braxton 12/15/99  
Lowell P. Braxton, Director Date

STATE OF State of Utah  
COUNTY OF Salt Lake ) ss:

On the 15<sup>th</sup> day of December, 19 99,  
personally appeared before me Lowell P. Braxton, who being  
duly sworn did say that he/~~she~~, the said Lowell P. Braxton  
is the Director of the Division of Oil, Gas and Mining, Department of Natural Resources,  
State of Utah, and he/~~she~~ duly acknowledged to me that he/~~she~~ executed the foregoing  
document by authority of law on behalf of the State of Utah.



Victoria A. Bailey  
Notary Public  
Residing at: SALT LAKE CITY, UT

February 29, 2000  
My Commission Expires:

## ATTACHMENT "A"

<u>Redmond Minerals, Inc.</u>	<u>Redmond Minerals</u>
Operator	Mine Name
<u>M-039-002</u>	<u>Sevier/Sanpete</u> County, Utah
Permit Number	

### The legal description of lands to be disturbed is:

Sanpete and Sevier Counties

Portions of SW 1/4, Section: 13 Township: T20S Range: R1W

SE 1/4 of SE 1/4, Section: 14 Township: T20S Range: R1W

Portions of SE & NE 1/4, Section: 23 Township: T20S Range: R1W

Portions of SW & NW 1/4, Section: 24 Township: T20S Range: R1W

NW 1/4 of NW 1/4, Section: 25 Township: T20S Range: R1W

NE 1/4 of NE 1/4, Section: 26 Township: T20S Range: R1W